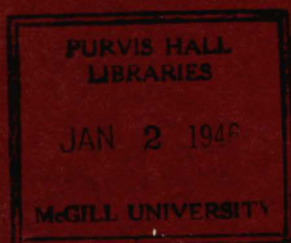


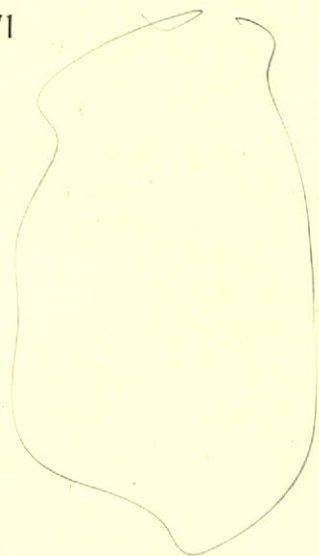
THE DOMINION BANK



**SIXTY - SIXTH
ANNUAL REPORT
31ST DECEMBER 1936**

SIXTY-SIXTH ANNUAL REPORT

1871



1936

THE DOMINION BANK

31st DECEMBER, 1936

THE DOMINION BANK

ESTABLISHED 1871

HEAD OFFICE - TORONTO

CAPITAL PAID UP	- - -	\$7,000,000
RESERVE FUND	- - -	\$7,000,000
UNDIVIDED PROFITS	- -	\$ 668,977

31ST DECEMBER, 1936

BOARD OF DIRECTORS

PRESIDENT

C. H. CARLISLE

CHAIRMAN OF THE BOARD

C. A. BOGERT

VICE-PRESIDENT

R. S. McLAUGHLIN

Col. The HON. H. A. BRUCE,
M.D., F.R.C.S. (Eng.)

R. Y. EATON

R. J. GOURLEY

The HON. E. W. HAMBER

Maj.-Gen. D. M. HOGARTH,
C.M.G., D.S.O.

J. M. MACKIE

A. C. MATTHEWS

F. GORDON OSLER

JOSEPH M. PIGOTT

J. ALLAN ROSS

H. H. WILLIAMS

HEAD OFFICE: TORONTO

OFFICIALS

DUDLEY DAWSON - General Manager

ROBERT RAE - - - Assistant General Manager

C. S. HOWARD - - - Chief Supervisor

A. H. BAILLIE - - - Eastern Supervisor

C. A. PACK - - - Chief Inspector

SUPERVISORS

S. C. COOK

W. C. MACAGY

T. WILDING

W. B. TANNAHILL - Secretary

JOHN MILLER - Chief Accountant

W. H. LeROY - Staff Superintendent

JAMES GRANT - - - Superintendent of Bank Premises

WESTERN OFFICIALS—WINNIPEG

R. K. BEAIRSTO - Assistant General Manager

E. R. CAMERON

Western Supervisor

E. D. WHITE

Inspector

BRANCHES OF THE DOMINION BANK

ONTARIO

BADEN	J. B. Runstedtler	Manager
BELLEVILLE	B. C. Sisler	Manager
BRACEBRIDGE	W. W. Creswick	Manager
BRAMPTON	W. E. Glenney	Manager
BRANTFORD	John McMillan	Manager
BROOKLIN	P. A. Journeaux	Manager
CHATHAM	W. Watts	Manager
COBOURG	J. W. Spragge	Manager
DRESDEN	E. W. Slaght	Manager
FAIRBANK	S. Blues	Manager
FORT FRANCES	W. T. Russell	Manager
FORT WILLIAM	W. S. Pate	Manager
GERALDTON	T. B. Connochie	Manager
GRAVENHURST	T. A. Smith	Manager
GUELPH	A. H. Bazett	Manager
HAMILTON	Norman Evans	Manager
“ East End Branch (King and Wentworth Sts.)	J. S. Dean	Manager
“ Gage Ave. Branch (Gage Ave. and Barton St.)	T. Long	Manager
“ Homeside Branch (Barton St. and Kenilworth Ave.)	G. E. Hynes	Manager
HESPELER	S. T. Organ	Manager
HUNTSVILLE	J. G. Fraser	Manager
KENILWORTH	W. Coupar	Manager
KENORA	W. W. Duncan	Manager
KIRKLAND LAKE	C. S. Blenkinship	Manager
KITCHENER	H. S. Lancefield	Manager
“ West End Branch (King and Wilmot Sts.)	P. Kennedy	Manager
LEAMINGTON	J. W. Maize	Manager
LINDSAY	M. E. Grant	Manager
LONDON	H. F. Smith	Manager
“ Rectory Street Branch	G. K. Bryson	Manager
LONG BRANCH	W. I. Hargreaves	Manager
MADOC	G. C. Gammage	Manager
MARMORA	T. W. Rhind	Manager
MOUNT ALBERT	J. A. Tilley	Manager
MOUNT FOREST	W. Coupar	Manager
NAPANEE	R. Humphrey	Manager
NEW TORONTO	W. V. Dedrick	Manager
NIAGARA FALLS	R. F. J. Ford	Manager
ORILLIA	J. A. Wallace	Manager
OSHAWA	Hugh Hall	Manager
“ South Oshawa Branch	A. N. Kidd	Manager
OTTAWA	C. O. Fellowes	Manager
PETERBOROUGH	R. T. E. Hicks-Lyne	Manager
ROSSEAU	E. K. McL. Jones	Manager

BRANCHES-ONTARIO—Continued

ST. CATHARINES.....	J. M. R. Torrie.....	Manager
ST. THOMAS.....	H. G. Henderson.....	Manager
SARNIA.....	W. B. Macdonald.....	Manager
SEAFORTH.....	E. C. Boswell.....	Manager
SUDBURY.....	G. Heath Ross.....	Manager
TIMMINS.....	F. A. Burt.....	Manager
TORONTO:		
Cor. King and Yonge Sts.....	A. C. Ashforth.....	Manager
	J. D. N. Waugh.....	Asst. Manager
	N. F. Monro.....	Asst. Manager
	E. S. Swallow.....	Asst. Manager
Avenue and Davenport Rds.....	P. J. Jones.....	Manager
Bay and St. Albans Sts.....	Wm. E. Lepper.....	Manager
Bloor and Bathurst Sts.....	F. R. Cochran.....	Manager
Bloor St. and Dovercourt Rd.....		
Bloor St. and Runnymede Rd.....	C. A. Thorpe.....	Manager
City Hall Branch.....	W. Walker.....	Manager
Danforth and Leyton Aves. (3334 Danforth Ave.).....	W. H. Seabrook.....	Manager
Danforth and Logan Aves.....	J. J. Irwin.....	Manager
Davenport and Dovercourt Rds.....	R. A. Jennings.....	Manager
Davenport Rd. and Laughton Ave.....	A. J. Essery.....	Manager
Dufferin St. and Lappin Ave.....	D. W. Dean.....	Manager
Dundas and McCaul Sts.....	A. P. Duck.....	Manager
Dundas St. and Runnymede Rd.....	A. Ritchie.....	Manager
Dupont and Christie Sts.....	R. W. M. Thomson.....	Manager
Gerrard St. and Coxwell Ave.....	R. S. Gray.....	Manager
Lawrence Park (cor. Yonge St. and Lawrence Ave.).....	D. A. Burns, Jr.....	Manager
Market Branch (King and Jarvis Sts.).....	W. S. Gray.....	Manager
Mount Pleasant Rd. and Hillsdale Ave.....	H. Eves.....	Manager
Parkdale (Queen St. and Jameson Ave.).....	R. M. Bolton.....	Manager
Queen St. and Augusta Ave.....	G. M. Chesney.....	Manager
Queen St. and Broadview Ave.....	A. H. Black.....	Manager
Queen and John Sts.....	R. R. Buchanan.....	Manager
Queen St. and Lee Ave.....	G. R. Cook.....	Manager
Queen St. and Ossington Ave.....	M. E. Roberts.....	Manager
Queen and Sherbourne Sts.....	T. C. Glenn.....	Manager
Queen and Victoria Sts.....	M. S. Burger.....	Manager
Roncesvalles and Howard Park Aves.....	C. W. McMichael.....	Manager
Rosedale (Sherbourne and Bloor Sts.).....	J. T. Lownsbrough.....	Manager
St. Clair Ave. and Dufferin St.....	F. A. Boulden.....	Manager
St. Clair Ave. and Vaughan Rd.....	C. A. R. Hunter.....	Manager
Spadina Ave. and Adelaide St.....	Joseph Johnson.....	Manager
Spadina Ave. and College St.....	L. L. Laird.....	Manager
West Toronto Branch.....	F. E. Havill.....	Manager
Yonge St. and Eglinton Ave.....	F. W. Slatter.....	Manager

BRANCHES—Continued

TORONTO—Continued

Yonge and Gerrard Sts.	J. B. O'Neill	Manager
Yonge and Hayden Sts.	N. J. O'Flynn	Manager
Yonge St. and Marlborough Ave.	E. E. Abbott	Manager
Yonge St. and St. Clair Ave.	T. W. Joyce	Manager
Yonge St. and Teddington Park Ave.	G. J. Vicars	Manager
York and Adelaide Sts.	R. B. Hunter	Manager
UXBRIDGE	C. R. Hanna	Manager
WELLAND	H. E. Stark	Manager
WHITBY	J. H. Perry	Manager
WINDSOR	W. E. Scott	Manager
WINGHAM	J. R. M. Spittal	Manager
WOODSTOCK	W. A. Cunningham	Manager

QUEBEC

MONTREAL	W. A. Fisher	Manager
	W. J. Dundas	Asst. Manager
Beaubien and Christophe Colomb Sts.	A. S. Jamieson	Manager
Bleury and St. Catherine Sts.	J. K. Muir	Manager
	Frank F. Hull	Asst. Manager
Dominion Square Branch, Peel and St. Catherine Sts.	T. F. R. Elliott	Manager
Guy and St. Catherine Sts.	R. J. Nichols	Manager
Monkland and Old Orchard Aves.	E. G. Wurtele	Acting Manager
St. Jean Baptiste Market	I. H. Gordon	Manager
St. Lawrence Blvd. Branch (St. Lawrence Blvd. and Prince Arthur St.)	P. C. Marsh	Manager
ROUYN	I. D. Simmons	Manager

MANITOBA

BOISSEVAIN	A. Morton	Manager
BRANDON	T. T. Rodger	Manager
DELORAINÉ	R. A. Glendinning	Manager
ST. BONIFACE (Union Stock Yards Branch)	L. S. Nicolson	Manager
SELKIRK	S. Boone	Manager
THE PAS	Alex Stewart	Manager
WINNIPEG	R. K. Beairsto	Manager
	C. S. Pim	Asst. Manager
Main St. and Redwood Ave.	W. D. Cockerill	Manager
North End (Main St.)	B. E. Elmore	Manager
Notre Dame Ave. and Sherbrook St.	P. M. Wass	Manager
Portage Ave. and Kennedy St.	C. O. Bell	Manager
Portage Ave. and Sherbrook St.	W. M. Hamilton	Manager

BRANCHES—Continued

SASKATCHEWAN

GRENFELL	C. H. Johnston	Manager
MOOSE JAW	B. E. Hull	Manager
REGINA	W. A. Radcliff	Manager
SASKATOON	L. C. Brown	Manager

ALBERTA

CALGARY	C. W. Jones	Manager
EDMONTON	M. C. Fraser	Manager
MEDICINE HAT	W. S. Ashley	Manager

BRITISH COLUMBIA

VANCOUVER	A. A. Atkinson	Manager
Pender and Howe Sts.	W. D. Kelly	Manager
Robson and Hornby Sts.	C. B. Pearson	Acting Manager
VICTORIA	D. McMillan	Manager

NEW BRUNSWICK

SAINT JOHN	C. Waite	Manager
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LONDON, ENGLAND

3 KING WILLIAM ST., E.C.4.	Percival Huffman	Manager
	E. W. Booth	Asst. Manager

NEW YORK AGENCY, U.S.A.

49 WALL ST.	A. W. Rice	Agent
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CHIEF CORRESPONDENTS

GREAT BRITAIN	-	Bank of England. Barclays Bank Limited. Bank of London and South America, Limited. British Overseas Bank, Limited. Lloyds Bank Limited. National Bank of Scotland, Limited. Union Bank of Scotland, Limited.
AFRICA	- - - -	Barclays Bank (Dominion, Colonial and Overseas).
AUSTRALASIA	- -	Commercial Bank of Australia, Limited. National Bank of Australasia, Limited. Union Bank of Australia, Limited. Bank of New Zealand.
BELGIUM	- - - -	Banque d'Anvers. Banque de Bruxelles.
CHINA	- - - -	Chartered Bank of India, Australia and China. Chase Bank. Hong Kong and Shanghai Banking Corporation. National City Bank of New York.
CZECHO-SLOVAKIA		Anglo-Czechoslovak and Prague Credit Bank.
FINLAND	- - - -	Kansallis-Osake-Pankki.
FRANCE	- - - -	Banque Transatlantique. Barclays Bank (France), Limited. Chase Bank. Comptoir National d'Escompte de Paris.
GERMANY	- - - -	Deutsche Bank und Disconto Gesellschaft.
HOLLAND	- - - -	Amsterdamsche Bank. Rotterdamsche Bankvereeniging.
ITALY	- - - -	Banca Commerciale Italiana. Credito Italiano.
JAPAN	- - - -	Mitsubishi Bank, Limited. Mitsui Bank Limited. National City Bank of New York. Yokohama Specie Bank, Limited.
POLAND	- - - -	Bank Handlowy W. Warszawie.
SOUTH AMERICA	-	Bank of London and South America, Limited. National City Bank of New York.
SWEDEN	- - - -	Svenska Handelsbanken.

CHIEF CORRESPONDENTS—Continued

- SWITZERLAND - - Banque Federale.
Banque Populaire Suisse.
- WEST INDIES - - Barclays Bank (Dominion, Colonial and
Overseas).
National City Bank of New York.
- UNITED STATES
- BOSTON, MASS. - - First National Bank of Boston.
National Shawmut Bank of Boston.
- BUFFALO, N.Y. - - Liberty Bank of Buffalo.
Marine Trust Company of Buffalo.
- CHICAGO, ILL. - - Continental Illinois National Bank and Trust
Company of Chicago.
- CLEVELAND, O. - - National City Bank of Cleveland.
- DETROIT, MICH. - - National Bank of Detroit.
- DULUTH, MINN. - - First and American National Bank.
- LOS ANGELES, Cal. - Bank of America National Trust and Savings
Association.
- MINNEAPOLIS, Minn. First National Bank and Trust Company of
Minneapolis.
Northwestern National Bank and Trust
Company of Minneapolis.
- NEW YORK, N.Y. - National City Bank of New York.
Central Hanover Bank and Trust Company.
Chase National Bank of the City of New York.
Corn Exchange Bank Trust Company.
Irving Trust Company.
- PHILADELPHIA, PA. - Central-Penn National Bank of Philadelphia:
Philadelphia National Bank.
- PITTSBURGH, PA. - First National Bank at Pittsburgh.
Peoples-Pittsburgh Trust Company.
- ST. LOUIS, Mo. - - Mercantile-Commerce Bank and Trust
Company.
- ST. PAUL, Minn. - First National Bank of St. Paul.
- SAN FRANCISCO, CAL. Bank of California, N.A.
Bank of America National Trust and Savings
Association.
- SEATTLE, WASH. - - Bank of California, N.A.
National Bank of Commerce of Seattle.
- WASHINGTON, D.C. - Riggs National Bank of Washington.

GENERAL STATEMENT, YEAR

<u>ASSETS</u>	
Gold held in Canada	\$ 589.15
Subsidiary coin held in Canada	235,288.04
Gold held elsewhere	112.96
Subsidiary coin held elsewhere	661.96
Notes of Bank of Canada	\$ 2,663,056.50
Deposits with Bank of Canada	12,686,961.59
Notes of other Chartered Banks	15,350,018.09
Government and Bank notes other than Canadian	340,040.00
Cheques on other Banks	92,264.32
Due by Banks and Banking Correspondents elsewhere than in Canada	8,738,755.13
	1,531,803.88
	\$26,289,533.53
Dominion and Provincial Government direct and guaranteed Securities, maturing within two years, not exceeding market value	12,423,435.76
Other Dominion and Provincial Government direct and guaranteed Securities, not exceeding market value	29,909,689.68
Canadian Municipal Securities, not exceeding market value	5,204,605.44
Other Bonds, Debentures and Stocks, not exceeding market value	4,001,171.92
Call and Short (not exceeding thirty days) Loans in Canada on Stocks, Debentures, Bonds and other Securities, of a sufficient marketable value to cover	9,881,120.50
Call and Short (not exceeding thirty days) Loans elsewhere than in Canada on Stocks, Debentures, Bonds and other Securities, of a sufficient marketable value to cover	5,309,169.34
Deposit with the Minister of Finance for the security of note circulation	345,100.00
	\$93,363,826.17
Current Loans and Discounts in Canada, not otherwise included, estimated loss provided for	\$34,096,396.58
Loans to Cities, Towns, Municipalities and School Districts	1,873,789.64
Current Loans and Discounts elsewhere than in Canada, not otherwise included, estimated loss provided for	262,896.50
Non-current Loans, estimated loss provided for	340,280.76
Bank Premises, at not more than cost, less amounts written off	5,760,000.00
Real Estate other than Bank Premises	87,326.13
Mortgages on Real Estate sold by the Bank	38,492.84
Other Assets not included under the foregoing heads	191,281.77
	42,650,464.22
Liabilities of Customers under Acceptances and Letters of Credit, as per contra	2,942,095.86
	<u>\$138,956,386.25</u>

ENDED 31st DECEMBER, 1936

LIABILITIES

Capital paid up.....		\$ 7,000,000.00
Reserve Fund.....	\$7,000,000.00	
Balance of profits as per Profit and Loss Account.....	668,977.15	
Dividend No. 217, payable 2nd January, 1937.....	175,000.00	
Former Dividends unclaimed.....	807.33	
		<u>7,844,784.48</u>
Total Liabilities to the Shareholders.....		\$14,844,784.48
Notes of the Bank in circulation.....	\$ 5,570,701.50	
Deposits by and balances due to Dominion Government.....	\$ 270,896.81	
Deposits by and balances due to Provincial Governments.....	611,650.27	
Deposits by the public not bearing interest.....	32,977,964.89	
Deposits by the public bearing interest, including interest accrued to date of statement.....	78,617,908.43	
		<u>112,478,420.40</u>
Deposits by and balances due to other Chartered Banks in Canada.....	1,661,828.51	
Deposits by and balances due to Banks and Banking Correspondents in the United Kingdom and foreign countries.....	1,118,482.31	
Liabilities to the public not included under the foregoing heads.....	340,073.19	
		<u>121,169,505.91</u>
Acceptances and Letters of Credit outstanding.....		<u>2,942,095.86</u>
		<u>\$138,956,386.25</u>

C. H. CARLISLE,
President.

DUDLEY DAWSON,
General Manager.

AUDITORS' REPORT TO SHAREHOLDERS

WE REPORT TO THE SHAREHOLDERS OF THE DOMINION BANK:—

That we have examined the above Balance Sheet as at December 31st, 1936, and compared it with the books and vouchers at Head Office and with the certified returns from the Branches. We have examined the cash, and the securities representing the Bank's investments, held at the Head Office and certain of the larger branches as at December 31st, 1936, and in addition we examined the cash and the securities held at certain of the important branches during the year. We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

In our opinion the Balance Sheet discloses the true condition of the Bank and is as shown by the books of the Bank.

A. B. SHEPHERD, F.C.A.,
of Peat, Marwick, Mitchell & Co.
W. D. GLENDINNING, C.A.,
of Glendinning, Gray & Roberts.

Toronto, January 16th, 1937.



THE DOMINION BANK

PROCEEDINGS of the Sixty-Sixth Annual General Meeting of the Shareholders

THE SIXTY-SIXTH Annual General Meeting of the Shareholders of The Dominion Bank was held at the Banking House of the Institution, Toronto, on Wednesday, January 27th, 1937, at 2.30 o'clock in the afternoon.

Among those present were:

A. C. Ashforth, H. N. Barry, R. K. Beairsto (Winnipeg), Evan A. Begg, A. M. Bethune, A. H. Black, C. A. Bogert, F. A. Boulden, Merritt A. Brown, Col. The Hon. Herbert A. Bruce, M.D., F.R.C.S. (Eng.), H. A. Burgess, E. R. Cameron (Winnipeg), C. H. Carlisle, Gordon T. Cassels, S. C. Cook, Dudley Dawson, A. E. Dymont, R. Y. Eaton, G. Reginald Geary, K.C., R. J. Gourley (Winnipeg), Col. Sydney H. B. Grasett, S. C. Halligan, D. T. Hepburn (Uxbridge), Major E. A. Hethrington, Maj-Gen. D. M. Hogarth, C.M.G., D.S.O., C. S. Howard, Lieut-Col. Baptist L. Johnston, Thomas E. Knowlton, Arthur H. Lake, Charles E. Lee, W. H. LeRoy, John M. Lyle, Arthur Macdonald, J. M. Mackie (Montreal), Gordon R. Medland, W. B. Milliken, K.C., R. B. Morley, H. Moyle, Allan C. McCollum,

Lady Nanton (Winnipeg), F. Gordon Osler, J. P. Patterson, Robert Rae, J. G. Ramsey, A. W. Rice (New York), C. A. Ross, J. Allan Ross, Robert Ross, W. T. H. Selby, John Watt, Walter Wily.

The President, Mr. C. H. Carlisle, having taken the chair, Mr. C. S. Howard was appointed to act as Secretary of the Meeting, and Messrs. Evan A. Begg and Walter Wily were appointed to act as Scrutineers.

At the request of the Chairman the notice calling the Meeting was read by the Secretary. The Minutes of the last Annual General Meeting were taken as read and were confirmed.

The Chairman then called upon the Secretary of the Meeting to read the Report of the Directors for the past year and the Auditors' Report to the Shareholders of the Bank.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors beg to present the following Statement of the result of the business of the Bank for the year ended 31st December, 1936, and a General Statement of the Assets and Liabilities as of such date:

Balance of Profit and Loss Account, 31st December, 1935.....	\$ 592,699.16
The Profits for the year ended 31st December, 1936, after making appropriations to contingency accounts, out of which accounts full provision for bad and doubtful debts has been made, and after deducting Dominion and Provincial Government Taxes of \$202,248.66, amounted to.....	951,277.99
	\$1,543,977.15
Dividends (quarterly) at Ten per cent. per annum.....	\$700,000.00
Contribution to Officers' Pension Fund.....	75,000.00
Written off Bank Premises.....	100,000.00
	875,000.00
Balance of Profit and Loss Account carried forward...	<u>\$ 668,977.15</u>

C. H. CARLISLE,
President.

DUDLEY DAWSON,
General Manager.

A Branch was opened at Geraldton, Ontario, during the year. No Branches were closed.

Head Office and all Branches were inspected by the Bank's officers during the year.

Major-General D. M. Hogarth, C.M.G., D.S.O., of Toronto, was elected to the Board of Directors.

The Shareholders' Auditors, Mr. A. B. Shepherd, F.C.A., and Mr. W. D. Glendinning, C.A., made the annual examination of the Bank's affairs and their report appears at the foot of the Balance Sheet.

C. H. CARLISLE, *President.*

19th January, 1937.

The Chairman then asked the General Manager to make his comments on the year's operations.

ANALYSIS OF THE PROFIT AND LOSS ACCOUNT
AND BALANCE SHEET BY MR. DUDLEY
DAWSON, GENERAL MANAGER

The Secretary of the Meeting has given you a statement of the Bank's profits and how they were disposed of. After paying dividends totalling \$700,000, making a contribution of \$75,000 to the Officers' Pension Fund, providing \$202,248.66 for taxes and writing \$100,000 off Bank Premises, the Profit and Loss Account was increased by \$76,277.99, and now stands at \$668,977.15.

While the dividends were 10 per cent. per annum on the capital stock of the Bank, the rate paid was actually only 4.7 per cent. on the Shareholders' total investment in the Institution. Of the \$7,668,977 in Reserve Fund and Profit and Loss Account, \$5,886,810 has been contributed by the Shareholders as premiums on new capital stock issued from time to time; the balance represents accumulated surplus earnings.

Dealing with the principal items in the Balance Sheet, which you have before you: Notes of the Bank in circulation were \$5,570,701, a decrease of \$331,530, due to the gradual reduction in the amount of notes which the Bank may have in circulation under the provisions of the present Bank Act. As we pointed out at the last Annual Meeting, the notes outstanding will continue to decrease year by year until they are brought down to 25 per cent. of the paid-up Capital.

Deposits by the public not bearing interest, \$32,977,964, and Deposits by the public bearing interest, \$78,617,908, a total of \$111,595,872, compared with \$104,531,415 a year ago, show an increase of \$7,064,457. On account of the lack of demand for commercial loans and the small yield obtainable on securities, the chartered banks considered it advisable to reduce the rate of interest on deposits; on the 1st of January, 1936, they ceased paying altogether on current accounts and on the 1st of June last, reduced the rate to savings depositors by one half of one per cent.—accounts of individuals now receive one and a half per cent. per annum, and those of firms, institutions, organizations and corporations one half of one per cent.

Acceptances and Letters of Credit outstanding were \$2,942,095, a decrease of \$1,080,184. Last year some special outstanding transactions at our New York Agency made the total larger than it ordinarily would have been.

The cash assets of the Bank at the end of the year, \$26,289,533, were equivalent to 21.7 per cent. of the liabilities to the public. The readily realizable assets, including Government, Municipal and other bonds, and Call and Short Loans, amounted to \$93,363,826, or 77 per cent. of the public liabilities, compared with 65.3 per cent. in 1935.

The Bank's total investments in securities were \$51,538,902, an increase of \$12,022,823, compared with a year ago. These investments have been very conservatively priced—as a matter of fact they have a market value in excess of the amount at which they are carried on the books. You will observe that Dominion and Provincial Government securities totalling \$12,423,435 mature within two years.

Call and Short Loans in Canada, \$9,881,120, increased \$2,624,862 from a year ago. Readily marketable stocks and bonds, with adequate margin, are held against these loans.

Call and Short Loans elsewhere than in Canada, \$5,309,169, show an increase of \$2,027,102, and represent advances made at our offices in New York and London, Eng., against first-class securities. The increases in these call loans in Canada and elsewhere, reflect higher prices for securities and greater activity.

Current Loans and Discounts in Canada were \$34,096,396, compared with \$45,209,589, a year ago, a decrease of \$11,113,193. Since 1929 the commercial loans of the Canadian chartered banks have been steadily declining, and this condition was accentuated in 1936 by the very much larger exports of wheat, the funds from which were used to reduce advances. If business continues to improve and commodity prices to rise—and the indications are that they will—commercial loans will undoubtedly increase. The Dominion Bank welcomes applications for advances, no matter how small the amount may be.

Loans to Cities, Towns, Municipalities and School Districts, were \$1,873,789, compared with \$2,830,263, on the 31st December, 1935, a decrease of \$956,474.

Non-Current Loans, \$340,280, show a slight decrease. Adequate provision has been made for all probable losses.

Bank Premises, \$5,760,000. During the past year several of our offices were remodelled and it is our intention to make suitable alterations to our properties from time to time. The rental situation in Toronto has improved considerably in the past year or two. Vacant space in our Head Office building represents now only 2.6 per cent. of the total rentable area.

Real Estate other than Bank Premises and Mortgages on Real Estate sold by the Bank, amount to only \$125,818.

With regard to the staff, which numbers 1178—I cannot speak too highly of them. Their duties have been performed most efficiently and I would like to express my personal thanks to them.

On December 1st a branch was opened at Geraldton, Ont., situated in the Thunder Bay district, 187 miles north and east of Fort William. It is a very promising mining district and we expect to develop a profitable business there.

On the 31st December, 1929, the total deposits of all the chartered banks amounted to approximately \$2,697,000,000, the loans to about \$2,290,000,000 and investments to \$448,000,000. On the 31st October, 1936—almost seven years later—the total deposits were \$2,669,000,000, loans \$1,164,000,000 and investments \$1,363,000,000. These figures show that while the deposits have changed very little, the loans have decreased \$1,126,000,000 and investments in securities increased by \$915,000,000.

One of the chief functions of the banks is to lend money and this is their main source of revenue. During the long period of declining demand for advances, they have had to divert their funds to the purchase of first-class securities at low yields. Obviously, this means lower earnings, but to offset this, the rate of interest paid to depositors has been

reduced and certain service charges inaugurated. Similar conditions obtain in Great Britain, the United States and in other countries. Ordinarily, low interest rates should result in money seeking employment in various new undertakings, as well as in the extension of existing enterprises, but in the present readjustment period this has not been the case; the uncertainty regarding the future has undoubtedly deterred people with money from making investments of this nature. Let us hope that this situation will change before long. Any condition which is subnormal or abnormal is not desirable and interest rates are no exception. It is questionable whether the low rates now prevailing are beneficial to the people of Canada as a whole.

Reverting to the wheat situation—a normal crop in Western Canada is 350 million bushels. During the past four years, however, it has averaged only about 250 million bushels, but notwithstanding this, Canada's carry-over varied from 130 million bushels in 1929 to 219 million bushels in 1933. The crops in other grain-growing countries have recently been smaller and there has been a better demand for our wheat, at higher prices, particularly during the last few months, and it would appear that at the end of the current crop year (31st July next) the carry-over will be brought down to normal, or about forty to fifty million bushels. The price of a world-wide commodity such as wheat cannot be successfully controlled for any length of time; the old law of "supply and demand" is always working and must eventually prevail.

One of the greatest problems confronting the people of Canada to-day is the situation in Alberta. No one knows what legislation may be enacted in that Province or what the final outcome of that recently placed on the statute books will be.

The criticism against the banks invariably emanates from persons whose financial standing does not warrant the extension to them of the credit to which they think they are entitled, or from those who do not understand the facts. Seldom, if ever, is criticism made by, or on behalf of, depositors. The borrowers from all chartered banks number approximately three hundred and ninety-

four thousand, whereas there are some four million six hundred thousand depositors, so critics would be well advised to bear in mind that they are speaking for a minority, not the majority, of the people.

The intention of Great Britain, the United States and France to stabilize the pound, dollar and franc on an equitable basis, is most constructive. Other nations will probably follow their example. The three countries mentioned hold, collectively, over sixteen billion dollars of gold, representing 75 per cent. of the world's total. Uncertainty as to the value of the various currencies undoubtedly retards the interchange of commodities and merchandise between nations; any movement that will promote, or increase, international trade is highly desirable.

In conclusion, I would like to say that in 1936 considerable progress was made in most lines of business; the exceptions being the durable goods industry and building, and even these are now showing improvement. We look forward to this progress continuing in 1937. It is to be hoped, however, that speculation in commodities and securities will not get out of hand, and that the lessons of 1929, and the years immediately following, will not be forgotten.

ADDRESS BY MR. C. H. CARLISLE,
PRESIDENT

The comments which you have heard from your General Manager, give to the Shareholders a comprehensive analysis of the Statement and the operations of your Bank, and the results of those operations. These are condensed in the Annual Balance Sheet and, with such data already before you, there is little of value I can add pertaining directly to your Bank's affairs. You will, of course, realize that it is sound practice to make up the balance sheet of a bank on a most conservative basis—especially having regard to contingencies which are always in the path of an institution of the scope and character of a chartered bank. This practice has been followed in the Statement with which you have been presented. Net profits show a very satisfactory increase over a year ago. During adverse business conditions credit losses are usually quite material, but all such losses have been written off and doubtful accounts have been amply provided for. Reserves have been materially increased and, in my judgment, are more than sufficient, having in mind the magnitude of your Bank's operations. In the last two or three years your Bank has sustained no current credit losses of importance. A number of doubtful accounts have been rehabilitated largely through assistance we have been able to render. A department has been created for this particular work and is in a position to give valuable service to the Bank's clients. I am much pleased with the work done.

Major-General Donald M. Hogarth, C.M.G., D.S.O., was recently elected a member of your Directorate. We are asking you, to-day, to confirm his election. General Hogarth has, for many years, been connected with the mining industry in Canada. His successful experience in mining, as well as in other undertakings, will be of service to your Bank. Until the election of General Hogarth you did not have on your Board a representative of the mining industry. Your Board is rather unique as it is composed of few members and yet represents so fully our national activities.

The success of banking, likely more than any other business enterprise, depends on public confidence. To have

confidence, one must first earn it. Canadian chartered banks have merited, and now merit, confidence—first, by their financial soundness, and second, by the service rendered. The retarded business conditions following the year 1929 bore heavily on the banks of all nations. This strain was greater than many could bear, the losses were great, the consequences were dire, and those consequences fell on the whole community. During this period no Canadian bank failed, no Canadian industry or individual suffered loss due to banks. On the other hand, our banks were in a position to help very generally in our time of stress. Our chartered banks date back to 1817. From that time till now, they have played an important part in the building of our national structure. They are, to-day, continuing that work and performing it with an efficiency unequalled in the past.

In a recent issue of *The Financial Post* some interesting information is given as to the important functions of chartered banks in relation to Government financing: "Since the end of 1929 the total debenture debt of the Dominion and of the Provinces has increased \$1,516,000,000. In the same period bank holdings of Federal and Provincial securities have increased \$965,000,000. Thus the banks have financed 63.6 per cent. of Government deficits and capital requirements in the past seven years. The total new financing by the Dominion and Provincial Governments in 1936 to December 1st amounted to \$114,000,000. Investments of the chartered banks as of October 31st last in Dominion and Provincial bonds were \$130,600,000 higher than at the first of the year. Dominion Government bonds held by the Bank of Canada at December 2nd last were \$50,400,000 higher than at the end of 1935; thus it is evident that the chartered banks and the Bank of Canada, in addition to financing the cash requirements of the senior Governments in Canada during 1936, have purchased an additional \$66,700,000 of Dominion and Provincial bonds formerly held by other investors."

In ten months prior to October 31st, the Canadian banks have increased their holdings of municipal bonds by \$12,800,000 and have increased, in the ten months, their holdings of securities in Canadian corporations by \$50,600,000. Besides the service rendered to our different governments and our

own corporations, the banks served some hundreds of thousands of individuals not only for their local banking requirements, but for their business in the different countries throughout the world.

The loaning rates charged by the Canadian chartered banks have been very consistent and equitable. These rates have necessarily varied with the market value of money, but such variations have been kept within a moderate range. This policy has done much to aid every phase of our national activity. There are some 2,216 individuals, estates and institutions who own the shares of your Bank. Most of the shares are held in Canada. The return on their investments is only moderate. The officials and employees of our banks are not overpaid when compared with the same service required in industry. If the foregoing statements be correct, it is difficult to understand the severe and usually incorrect criticisms which appear from time to time of our banks and financial men.

The chartered banks are being retarded by certain legislation, such as the curtailment of the note circulation privileges; the loss to them of certain banking functions now performed by the Bank of Canada; the requirements in respect to fixed reserves to be maintained with the Bank of Canada; prohibiting the purchase or sale of gold in Canada; legislation which adversely affects loans already made and securities purchased. The chartered banks in 1935 paid \$8,585,943 in taxes. To those of you who have money invested in The Dominion Bank I can say that for every dollar you received in dividends the Bank paid seventy-eight cents in taxes. If our banks are to maintain the confidence they now enjoy, if they are to become a greater factor in our national and international business, if they are to serve you better, then it means better co-operation on the part of both government and our people at large.

It is quite true that much of success is due to competent management, but there are factors which effect results that are not within the control of management. One of these factors is general business conditions. These conditions may be local or international or both. At this time there is a greater demand for goods and prices are higher.

This change is likely due in a great degree to monetary inflation and demand for war supplies and war materials. In Canada, our monetary inflation is in the form of an advanced price for gold and in the issuance of bonds to finance deficits of our Municipal, Provincial, and National Governments. It is not likely that war preparations are permanent and it is not possible to continue indefinitely to liquidate an increasing debt by issuing bonds, entailing an ever greater carrying charge. Experience has taught us that depressions are not permanent, neither are periods of prosperity permanent. We would be remiss if we had not learned something from the things we did not do prudently in the years just prior to 1930, nor should we forget the lessons driven home to us by experience in the years since 1929. We should not choose to resume our extravagant practices, the pyramiding of prices and staking our all on an inflated stock market. Canada is making progress; she should continue to make progress. Our different governments, I believe, are giving their best efforts for our welfare, regardless of partyism. We owe them our utmost support. We can aid most by understanding conditions and basing our activities on these conditions. We have some real problems with which we must deal before we become extravagant, either as individuals or governments. As a people we are heavily in debt. Nearly all of our multiplied governments have unbalanced budgets. Our Canadian National Railway is still causing us a loss of over \$110,000,000 per year. The writing down of its capital or changing of its bookkeeping records does not and cannot mitigate our loss by as much as one dollar. Our unemployment relief burden still rests heavily upon us. The fiscal year closing in March last showed an outlay by all of our different governments in the neighbourhood of \$100,000,000, \$60,000,000 of which was paid in direct relief, while our own Province (Ontario) paid out \$21,000,000. Our Provincial Governments have much to do in the way of economy and the elimination of duplication of work. The Honourable Mitchell F. Hepburn, Prime Minister of Ontario, in a recent address, suggested that it would be to the advantage of the Province to have the National Government take over three of the Departments of his Government. In this he should have the undivided support of the whole Province. At the present time, to meet these enormous expenses, we are

resorting, as a principal means, to high taxation and class taxation. Looking at it from the standpoint of national welfare only, is this the best way out? High taxation within a country increases costs, decreases sales, retards production and increases unemployment. Excessive class taxation may be an asset to party politics as a means of securing votes, but it undoubtedly retards national progress and development, and brings injury to working people. Large accumulated wealth may be an asset or a detriment, depending entirely on whether it is used properly or misused. History shows that accumulated wealth is essential to national progress; history will continue to show it to be essential. Those who have accumulated wealth through production and in different channels of business have in the process created employment, and as year succeeds year they continue to use that wealth for the benefit of the many. It is surprising how little has been or can be used by the owner for his personal gratification, that is, how little it is possible for him to use personally. A farmer who through his knowledge of tillage, through his energy and management, sows a bushel of wheat and reaps thirty bushels, should not be censured or caused to pay an extra tax because he has produced more than the average. The wheat he has raised is for the benefit of others—we are all advantaged by his production. Money taken from one group of persons or from industry or from a certain locality and given to others or to governments does not increase the wealth of a country, it merely changes the ownership. When the budgets of our governments are balanced; when our business activities are on a stable basis—the goal for which to strive, and which can only be reached when our expenses are materially less than our income; when production adjusts itself to the purchasing power created; when, by greater efficiency, less taxes and expenses, advanced technology and better management, we can attain lower costs and higher quality of product, these achievements will entitle us to a better and more permanent position in foreign markets. It seems difficult to bring home to very large numbers of people the very plain and simple fact, established through centuries of experience not only in our own country, but in all countries, that every class prospers most when there is a maximum creation of real wealth, and that this maximum creation of real wealth can only take place, not by artificially higher prices, but by

lower costs of production, brought about firstly, by sound and dependable business conditions—that is, effective law enforcement and security of property; secondly, by greater efficiency and economy in methods of production; thirdly, by lower taxes and public expenses bearing down on enterprise; and fourthly, and by no means least important, by fair wages. If in this country attention could be concentrated on these very simple truths, it is certain that progress out of our difficulties would be steady and continuous. There is no record, so far as I know, of success by any other methods, at any time, in any country.

I am pleased to move the adoption of the Report.

Mr. C. A. Bogert—Ladies and Gentlemen, the General Manager has commented very concisely and clearly on the Bank's operations last year and its position on the 31st December which, incidentally, was one of great strength and liquidity. Your President has made further reference to the Bank's affairs, touched on Canadian banking conditions and other conditions in Canada and abroad. I will content myself with seconding Mr. Carlisle's resolution—the adoption of the Annual Report.

The motion to adopt the Report was then presented to the Meeting by the Chairman and was carried unanimously.

Mr. W. B. Milliken, K.C.—Mr. Chairman, I beg to move that Mr. A. B. Shepherd, F.C.A., of Peat, Marwick, Mitchell & Company, and Mr. W. D. Glendinning, C.A., of Glendinning, Gray and Roberts, be appointed Auditors to hold office until the next Annual General Meeting, and that their remuneration be fixed at a sum not to exceed \$10,000.

Mr. J. M. Lyle—I have much pleasure in seconding that motion. (Motion carried.)

The Chairman informed the Meeting that it was considered desirable to make a change in one of the By-laws. The Executive Committee of the Directors, formed a few years ago, made a complete study of the Bank's affairs and operations, subsequently reporting to the Board; it is now the feeling of the Directors that this Committee is no longer

necessary. All matters brought before the Board of Directors are thoroughly analyzed, but should any special investigation be required, a member, or members, of the Board will be appointed for this purpose. The Shareholders are being asked for authority to amend By-law No. 7 by increasing the amount of remuneration which may be paid to the Directors, including the President, Chairman of the Board and one or more Vice-Presidents, to the sum of \$50,000 per annum. The Chairman stated that it is not expected this additional amount will be required, but is being provided to cover any special services which any of the Directors may perform.

Mr. G. T. Cassels—I move that the following be By-law No. 12 of the Shareholders' By-laws:

THAT By-law No. 7 of the Shareholders' By-laws of The Dominion Bank be and the same is hereby repealed and that the following be and the same is hereby enacted as By-law No. 7 of the Shareholders' By-laws of The Dominion Bank:

By-law No. 7

The remuneration of the President, Chairman of the Board, one or more Vice-Presidents and other Directors shall be a sum not exceeding Fifty Thousand Dollars (\$50,000) per annum, and the Directors may, from time to time, apportion the same among themselves in such manner as they think fit.

Mr. J. G. Ramsey—It is my privilege to second that motion. (Motion carried.)

Col. Sydney H. B. Grasett—Mr. President, I wish to move that the Board of Directors for the ensuing year be: C. A. Bogert, Col. The Hon. Herbert A. Bruce, M.D., F.R.C.S. (Eng.), C. H. Carlisle, R. Y. Eaton, R. J. Gourley, The Hon. E. W. Hamber, Maj-Gen. D. M. Hogarth, C.M.G., D.S.O., J. M. Mackie, A. C. Matthews, R. S. McLaughlin, F. Gordon Osler, Joseph M. Pigott, J. Allan Ross and H. H. Williams, and that a ballot box be now opened for the receipt of ballot papers for the appointment of Auditors, for the enactment of By-law No. 12 and for the election

of Directors, and that the poll be closed at four o'clock in the afternoon or so soon before that hour as five minutes shall have elapsed without any further vote being cast, and that the Scrutineers do certify the result of the poll to the Chairman of the Meeting.

Mr. S. C. Halligan—I have great pleasure in seconding that motion. (Motion carried.)

The ballots having been taken, the Scrutineers reported to the Chairman that Messrs. A. B. Shepherd and W. D. Glendinning had been appointed Auditors and the appropriation for their remuneration authorized; that By-law No. 12 had been enacted, and that the gentlemen nominated as Directors had been duly elected Directors for the ensuing year.

The Chairman then thanked the Shareholders for their attendance and the Meeting adjourned.

At a subsequent meeting of the Board of Directors, Mr. C. H. Carlisle was elected President, Mr. C. A. Bogert, Chairman of the Board, and Mr. R. S. McLaughlin, Vice-President for the ensuing year.

The Annual Statement with copy of the Profit and Loss Account, and the Minutes of the Annual Meeting are sent to the Shareholders in accordance with the provisions of Section 53 of the Bank Act.

